

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 SCS-06 CA-01 L-03 H-01 HA-05
EB-08 COME-00 TRSE-00 SS-15 SSO-00 OMB-01 NSCE-00
SP-02 CIAE-00 INR-10 NSAE-00 INRE-00 /078 W
-----130267 131608Z /43

O 131542Z JUL 78
FM AMEMBASSY MOSCOW
TO SECSTATE WASHDC IMMEDIATE 4309
INFO AMCONSUL LENINGRAD
USMISSION GENEVA

C O N F I D E N T I A L SECTION 01 OF 02 MOSCOW 16397

GENEVA FOR AMBASSADOR TOON

E.O. 11652: GDS
TAGS: BGEN, CASC, UR
SUBJECT: CRAWFORD ARREST: INTERNATIONAL HARVESTER
TAKING FIRMER LINE

REF: (A)STATE 16158, (B)MOSCOW 16022, (C)STATE172488

SUMMARY: LOCAL I-H OFFICE REPORTS THAT IT IS IMMEDIATELY ADVISING THOSE SOVIET FTO'S WITH WHICH IT DEALS THAT ALL CONTRACT DISCUSSIONS ARE SUSPENDED FOR INDEFINITE FUTURE BECAUSE OF CRAWFORD ARREST. OFFICE HAS BEEN AUTHORIZED BY I-H CHICAGO HEADQUARTERS TO DISSEMINATE LETTERS BY FIRM CHAIRMAN MCCORMICK TO AMBASSADOR DOBRYNIN AND TO CORPORATE HEADS IN U.S. IN EFFORTS TO SHOW CONCRETE STEPS FIRM HAS AND IS TAKING ON CRAWFORD'S BEHALF. REARDON REQUESTED AND RECEIVED USCO'S ASSISTANCE IN THIS PROJECT. AN I-H COMBINE SPECIALIST HAS HAD HIS VISA APPLICATION REJECTED TWICE BY SOVIETS. REARDON ALSO SAID THAT HE HAD HAD STRONG WORDS WITH SENIOR V.P. OF MOSCOW
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OFFICE OF US/USSR TRADE AND ECONOMIC COUNCIL BECAUSE OF PERCEIVED INACTION BY COUNCIL ON CRAWFORD'S BEHALF. END SUMMARY.

1. I-H EXECUTIVES BRIAN REARDON AND JOHN CHELLMAN ACCOMPANIED F. JAY CRAWFORD TO COMMERCIAL OFFICE JULY 13 TO ADVISE COMATT OF RECENT ACTIONS FIRM HAD

TAKEN OR WOULD SOON TAKE WITH SOVIETS AND OTHERS
IN SUPPORT OF CRAWFORD. BRIEFLY, REARDON SAID THAT:

(A) HE HAD INFORMED SOVIET FTO AVTOEKSPORT BY
TELEPHONE EARLIER IN DAY (JULY 13) THAT NO FURTHER
DISCUSSIONS WOULD BE HELD ON POSSIBLE SALE OF I-H
REFRIGERATOR TRUCK (OR TRUCKS) FOR INDEFINITE FUTURE
BECAUSE OF CRAWFORD ARREST.

(B) HE WOULD BE INFORMING FTO TRAKTOROEKSPORT
OF IDENTICAL DECISION BY I-H WITH REGARD TO
CONTRACT TALKS ON POTENTIAL TRACTOR AND HEAVY
EQUIPMENT SALES. DECISION WOULD BE DIRECTLY LINKED
TO CRAWFORD ARREST, ACCORDING TO REARDON.

(C) ALL EARLIER CONTRACTUAL OBLIGATIONS WITH SOVIETS
WOULD BE MET, BUT NO NEW ONES WOULD BE UNDERTAKEN FOR
FORESEEABLE FUTURE.

2. REARDON HAD WITH HIM A TELEX DATED JULY 12 WHICH
CONTAINED TEXTS OF TWO LETTERS FROM I-H CHAIRMAN BROOKS
MCCORMICK TO AMBASSADOR DOBRYNIN (DATED JUNE 15) AND
TO CHAIRMEN OF BOARDS OF MAJOR U.S. COMPANIES CUR-
RENTLY DOING BUSINESS WITH SOVIET UNION, IN-
CLUDING ALL FIRMS HAVING ACCREDITED OFFICES IN
MOSCOW (DATED JULY 6). REARDON REQUESTED USCO
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ASSISTANCE IN DISSEMINATING TEXTS OF BOTH LETTERS
TO RESIDENT U.S. BUSINESS COMMUNITY BECAUSE NEITHER
HAD TO HIS KNOWLEDGE (COMMENT: NOR TO OURS) BEEN
RECEIVED IN MOSCOW OR GIVEN PUBLICITY HERE. DEPART-
MENT IS WE ASSUME AWARE OF CONTENTS OF MCCORMICK
LETTER TO DOBRYNIN. WE ARE TRANSMITTING BY SEPTTEL
TEXT OF MCCORMICK'S JULY 6 LETTER TO CORPORATE HEADS
IN U.S. IN UNLIKELY EVENT DEPARTMENT HAS NOT SEEN IT.
TEXTS OF BOTH LETTERS WERE DISTRIBUTED TO U.S.
ACCREDITED BUSINESS COMMUNITY IN MOSCOW JULY 13.
ALTHOUGH REARDON DID NOT HAVE INSTRUCTIONS TO RELEASE
JULY 6 LETTER TO PRESS, BOTH LETTERS ALONG WITH
REARDON'S COVERING MEMORANDUM ARE LIKELY TO FIND THEIR
WAY INTO HANDS OF WESTERN PRESS CORPS WITHOUT DELAY.
CLOSING PARAGRAPH OF REARDON'S COVERING MEMORANDUM READS
AS FOLLOWS:

QUOTE. I HOPE THAT WITH THIS INFORMATION, YOU ARE IN
A POSITION TO ADVISE YOUR CORPORATE HEADQUARTERS
AND, HOPEFULLY, TAKE THE NECESSARY STEPS THAT WILL
ASSIST US IN OUR EFFORTS TO EXONERATE JAY FROM THE
CHARGES THAT HAVE BEEN, WE THINK, FALSELY LEVELED

AGAINST HIM. UNQUOTE.

3. REARDON ALSO DISCLOSED THAT VISA APPLICATION OF AN I-H SPECIALIST FROM CHICAGO NAMED WYFFLE HAD BEEN REJECTED TWICE BY SOVIET EMBASSY IN WASHINGTON WITHIN LAST FIVE OR SIX DAYS. IT HAD REPORTEDLY BEEN AGREED TO WITH SOVIETS EARLIER THAT WYFFLE AND ONE OTHER I-H MAN NOW IN-COUNTRY COULD TRAVEL TO KRASNODAR REGION TO INSTRUCT SOVIET AGRICULTURAL EXPERTS IN OPERATION OF FIVE NEW I-H "AXIAL FLOW" COMBINES WHICH WILL ARRIVE ON-SITE THROUGH PORT OF ODESSA THIS WEEK. REARDON DID NOT KNOW WHY SOVIETS HAD TURNED WYFFLE DOWN IN VIEW OF THEIR EARLIER COMMITMENT. HE SPECULATED, HOWEVER, THAT IT MAY HAVE
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BEEN A DIRECT RESPONSE TO I-H'S NON-SUPPORT OF VISA REQUEST FOR DELEGATION OF SOVIETS UNDER PERSON NAMED SAKHAROV (REFTEL C) TO INSPECT SAME FIVE COMBINES IN U.S.

4. REARDON ALSO REPORTED THAT SENIOR V.P. O'BRIEN OF MOSCOW OFFICE OF US/USSR TRADE AND ECONOMIC COUNCIL (T&EC) HAD COME BY I-H OFFICE ON JULY 12

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C O N F I D E N T I A L SECTION 02 OF 02 MOSCOW 16397

GENEVA FOR AMBASSADOR TOON

--HIS FIRST CALL SINCE CRAWFORD'S ARREST. O'BRIEN ATTEMPTED, ACCORDING TO REARDON AND CRAWFORD (WHO WERE BOTH PRESENT), TO DESCRIBE EFFORTS T&EC HAD MADE TO ASSIST CRAWFORD. WHEN THESE ADDED UP TO LITTLE MORE THAN HOSTING A MEETING OF BUSINESSMEN IN USCO ON JUNE 22 AND A FEW CALLS BY HAROLD SCOTT ON SOVIETS IN U.S., REARDON AND CRAWFORD SAID THEY BOTH REACTED BY TELLING O'BRIEN IN FRANK AND UN-MISTAKABLY NEGATIVE TERMS THAT THEY FELT COUNCIL HAD DONE FAR TOO LITTLE FOR CRAWFORD (AND FOR I-H) UNDER CIRCUMSTANCES. UPSHOT OF CONVERSATION REPORTEDLY WAS THAT I-H OFFICE IN MOSCOW HAS VIRTUALLY SEVERED ITS ALREADY TENUOUS COMMUNICATIONS WITH LOCAL T&EC OFFICE. MOREOVER, REARDON ASSERTED TO COMATT THAT HE WOULD BE RECOMMENDING TO CHAIRMAN MCCORMICK THAT I-H DROP ITS MEMBERSHIP IN T&EC IMMEDIATELY.

5. FINALLY, REARDON CALLED COMATT IN EARLY AFTER-CONFIDENTIAL

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NOON JULY 13 (AFTER THIS REPORT NEARLY COMPLETED) TO SAY THAT HE HAD BEEN ON PHONE WITH MINISTRY OF FOREIGN TRADE CHIEF OF PROTOCOL, RAKHMANIN, TO INFORM MFT OFFICIALLY ABOUT I-H'S POSITION RE SLOWDOWN OF ALL COMMERCIAL DISCUSSIONS AND ITS INTENTION NOT TO SIGN ANY MORE CONTRACTS BECAUSE OF CRAWFORD ARREST. REARDON SAID THAT HE WOULD BE FOLLOWING UP THAT CALL WITH A LETTER TO RAKHMANIN SAME DAY CONFIRMING CONTENT OF PHONE CONVERSATION.
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